Direct Investment (FDI) up to 100% is allowed, with prior Government approval, in the tobacco sector for manufacture of cigars and cigarettes of tobacco products, subject to industrial licence and conditions thereof under the Industries (Development & Regulation) Act, 1951. Details of foreign companies which applied to the Foreign Investment Promotion Board for FDI in tobacco sector during 2005-06 and 2006-07 are given in the Statement (See below).

(e) While formulating the policy on FDI, interests of all stakeholders are taken into account.

Statement

Details of foreign companies which applied for FDI

Sl. No.	Name of Company/Country of Origin	Proposed Activity	Status
1.	M/s. Viking Swed-lnd Products Pvt. Ltd., Swedish Promoters	Manufacture of tobacco snuff and market it through distributors.	Proposal rejected
2.	M/s. Hari Sundar Tobacco Threshers Pvt. Ltd. M/s Universal Leaf Tobacco Company, Inc., USA	Process raw tobacco	Proposal rejected
3.	M/s Universal Leaf Tobacco Company, Inc., USA	Process raw tobacco	Proposal rejected

FDI guidelines

3663. MS. SUSHILA TIRIYA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether there is a proposal to frame guidelines to tackle the Foreign Direct Investments; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) Guidelines for Foreign Direct Investment (FDI) are already in place and incorporated under Regulation 5(1) of the Foreign Exchange Management (Transferor Issue of Security by a Person Resident outside India) Regulations, 2000. The policy guidelines on FDI are reviewed continuously on an ongoing basis.

Rules regarding FDI in tobacco sector

3664. DR. MAM. RAMASWAMY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have received representations from multinational tobacco companies to permit them to invest in India;

(b) if so, the present rules with regard to FDI in tobacco sector;

(c) whether Government have studied these proposals carefully in order to assess how much FDI is going to have impact on Indian tobacco farmers;

(d) if so, the details thereof; and

(e) the other such studies done in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) No, Sir. However, as per extant policy, proposals have been received seeking approval of the Government for Foreign Direct Investment (FDI) in the tobacco sector.

(b) Manufacture of cigarettes and cigars requires industrial licence under the Industries (Development & Regulation)-Act, 1951. Under the extant policy FDI up to 100%, with prior Government approval, is allowed in the tobacco sector for manufacture of cigars and cigarettes of tobacco products.

(c) and (d) The interests of all stakeholders are considered while formulating the policy and implementation thereof.

(e) It has been decided to commission the National Council on Applied Economic Research (NCAER) to conduct a comprehensive study on the impact of FDI on rural economy.